No. 17-1594

In the Supreme Court of the United States

RETURN MAIL, INC., PETITIONER

v.

UNITED STATES POSTAL SERVICE, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE RESPONDENTS IN OPPOSITION

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QUESTIONS PRESENTED

Section 18 of the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 329-331 (2011), created a transitional post-grant review program that authorizes the United States Patent and Trademark Office (USPTO) to review the validity of certain covered-business-method (CBM) patents. The USPTO may institute a CBM review upon the petition of "[a] person" who "has been sued for infringement of the patent or has been charged with infringement under that patent." § 18(a)(1)(B), 125 Stat. 330. The questions presented are as follows:

1. Whether a federal agency is a "person" who may file a petition for CBM review under Section 18 of the AIA.

2. Whether a suit by a patent owner against the federal government, seeking reasonable compensation for the "use[] or manufacture[]" of a patented invention "without license of the owner thereof or lawful right to use or manufacture the same," 28 U.S.C. 1498(a), is a suit "for infringement of the patent" within the meaning of Section 18 of the AIA.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-56a) is reported at 868 F.3d 1350. The final written decision of the Patent Trial and Appeal Board (Pet. App. 57a-97a) is not published in the United States Patents Quarterly. The decision of the Patent Trial and Appeal Board on institution of covered-business-method review (Pet. App. 98a-139a) is not published in the United States Patents Quarterly but is available at 2014 WL 5339212.

JURISDICTION

The judgment of the court of appeals was entered on August 28, 2017. A petition for rehearing was denied on December 15, 2017 (Pet. App. 140a-141a). On February 28, 2018, the Chief Justice extended the time within which to file a petition for a writ of certiorari to and including May 14, 2018, and the petition was filed on that

date. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Congress has long provided administrative mechanisms by which third parties may request that the United States Patent and Trademark Office (USPTO) reconsider previously issued patents. See *SAS Inst. Inc.* v. *Iancu*, 138 S. Ct. 1348, 1353 (2018); *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2137 (2016). In the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284 (2011), Congress substantially expanded those procedures. The additional review mechanisms created by the AIA were designed to provide an alternative to litigation and "a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court." H.R. Rep. No. 98, 112th Cong., 1st Sess. Pt. 1, at 48 (2011) (House Report).

The AIA created three new forms of administrative proceedings to be conducted before a newly created Patent Trial and Appeal Board (Board). For challenges to patentability brought within nine months after patent issuance, the AIA established a new procedure known as post-grant review, which allows challenges to patentability on any ground that could be asserted as a defense to a claim of infringement. 35 U.S.C. 321(b)-(c); see 35 U.S.C. 321-329. For challenges brought after that nine-month period, the AIA established inter partes review, which is limited to challenges based on obviousness or lack of novelty. 35 U.S.C. 311(b)-(c); see 35 U.S.C. 311-319. Any "person who is not the owner of

a patent" may petition for either post-grant review or inter partes review. 35 U.S.C. 311(a), 321(a).

In an uncodified portion of the AIA, Congress also created a special "transitional post-grant review proceeding for review of the validity of covered business method patents." § 18(a)(1), 125 Stat. 329. The procedures for covered-business-method (CBM) review are generally the same as those that govern the institution and conduct of post-grant review proceedings. See *ibid.* Unlike in post-grant review proceedings, however, a party may file a petition for CBM review at any time during the term of the patent. See § 18(a)(1)(A), 125 Stat. 329. But while the time period for seeking CBM review is more expansive than the time for seeking post-grant review, the class of petitioners who may seek CBM review is more limited. "A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or the person's real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent." § 18(a)(1)(B), 125 Stat. 330.

Congress established this temporary program for CBM review to efficiently address and eliminate suspect business-method patents that had been issued before this Court's decision in *Bilski* v. *Kappos*, 561 U.S. 593 (2010). See 157 Cong. Rec. 3420, 3432 (2011) (explaining that the program would "reduce the burden on the courts of dealing with the backwash of invalid business-method patents" and would "address[] disputes" about "a large number of business-method patents that are no longer valid" after *Bilski*); see also House Report

54 (observing that "[a] number of patent observers believe the issuance of poor [quality] business-method patents during the late 1990's through the early 2000's led to the patent 'troll' lawsuits that compelled the Committee to launch the patent reform project"). Under the AIA, the CBM-review program will expire eight years after the effective date of the USPTO's implementing regulations—on September 16, 2020. See § 18(a)(3)(A), 125 Stat. 330; 77 Fed. Reg. 48,680, 48,734 (Aug. 14, 2012).

2. a. Petitioner owns U.S. Patent No. 6,826,548 (the '548 patent), which claims a method for processing undeliverable mail. Pet. App. 159a-161a. After petitioner unsuccessfully attempted to license the '548 patent to the United States Postal Service, the Postal Service announced that it would offer its own system to perform that processing function. *Id.* at 162a-164a. Petitioner subsequently met with the Postal Service to explain that, in its view, the agency's new system "infringed one or more claims of the '548 Patent." *Id.* at 164a. After the agency again declined to license the '548 patent, *id.* at 165a, petitioner filed suit against the Postal Service and the United States in the Court of Federal Claims under 28 U.S.C. 1498(a), seeking "compensation for the unlicensed use and infringement" of the '548 patent. Pet. App. 159a.

Thereafter, the Postal Service filed a petition for CBM review of the '548 patent. Pet. App. 99a. In response, petitioner contended that the Postal Service lacked "standing" to seek CBM review because it had not been "sued for infringement" within the meaning of Section 18 of the AIA. *Id.* at 115a. According to petitioner, a suit under Section 1498(a) is not a suit for infringement of a patent because Section 1498(a) is "an

eminent domain statute" that provides a patent owner reasonable compensation for the federal government's taking of a patent license, not damages for the tort of patent infringement. *Ibid.*

b. The Board disagreed with petitioner and instituted CBM review of the '548 patent. Pet. App. 98a-139a. The Board explained that the Postal Service's alleged "use or manufacture of a patented invention without license or lawful right" was "infringement" within the meaning of the Patent Act. *Id.* at 116a; see *ibid.* ("[W]hoever without authority makes [or] uses . . . any patented invention, within the United States . . . during the term of the patent therefor, infringes the patent.") (quoting 35 U.S.C. 271) (second set of brackets in original). The Board further concluded that, although respondent's statutory remedy for such alleged infringement is "by action against the United States in the United States Court of Federal Claims," *id.* at 117a (quoting 28 U.S.C. 1498(a)), rather than by an action in federal district court under 35 U.S.C. 281, that fact "does not disqualify the United States from seeking a covered business method patent review." Pet. App. 117a; see *ibid.* ("The plain language of § 18(a) of the AIA does not limit covered business method patent reviews to persons sued for infringement under 35 U.S.C. §§ 271 and 281.").

c. After conducting the CBM-review proceedings, the Board issued a final written decision on patentability, and it concluded that the relevant claims of the '548 patent were drawn to patent-ineligible subject matter. Pet. App. 57a-97a. In the final written decision, the Board reiterated its determination that the Postal Ser-

vice had been "sued for infringement," within the meaning of Section 18 of the AIA, because the Postal Service had been sued under Section 1498(a) for the unlicensed use of the '548 patent. *Id.* at 70a-71a.

3. a. The court of appeals affirmed. Pet. App. 1a-56a. The court first rejected petitioner's argument that a suit against the federal government under Section 1498(a) is not a suit "for infringement" within the meaning of AIA Section 18. *Id.* at 18a-29a. The court explained that, at the time of the AIA's enactment, the "[c]ommon usage" of the term "infringement" included "[t]he unauthorized making, using, offering to sell, selling, or importing into the United States of any patented invention." *Id.* at 24a-25a (quoting *Black's Law Dictionary* 852 (9th ed. 2009)) (second set of brackets in original). The court concluded that, because a patent owner filing suit under Section 1498(a) must establish that the federal government "interfered with its rights by manufacturing or using the patented invention" without prior authorization, a suit under Section 1498(a) is an action for "infringement" as that term is commonly understood. *Id.* at 25a-26a.

The court of appeals also rejected the view, raised for the first time in Judge Newman's dissent, that the government is not a "person" authorized to seek CBM review. Pet. App. 29a-33a. The court noted that petitioner had "waived reliance on the term 'person'" by failing to raise the issue before the Board or the court of appeals. *Id.* at 23a n.12, 29a. The court also concluded that, even assuming the issue "is not waivable or is important enough to address without the benefit of the parties' briefing," the word "person" in AIA Section 18 includes the federal government. *Id.* at 30a. The

court observed that this interpretation gives the term a consistent meaning throughout the AIA, which does "not appear to use the term 'person' to exclude the government in other provisions." *Id.* at 31a. The court also explained that its interpretation would further the purpose of CBM review, which was intended to broaden the USPTO's ability to review suspect business-method patents, thus avoiding the burdens and expense of federal-court litigation. *Id.* at 32a-33a.

b. Judge Newman dissented, based on her conclusion that the Postal Service is not a "person" within the meaning of the AIA. Pet. App. 44a-56a. She viewed that determination as going to the "subject matter jurisdiction" of the Board and therefore as not subject to waiver. *Id.* at 45a; see *id.* at 44a-47a. Judge Newman further explained that the term "person" is ordinarily understood not to include sovereign entities, and she found no indication in the AIA that Congress intended to depart from that understanding. *Id.* at 48a-51a. Judge Newman also concluded that, because the AIA's estoppel provisions do not apply to the federal government, the government would have an unfair advantage over other litigants if it could petition for CBM review. *Id.* at 52a-56a.

4. The court of appeals denied a petition for rehearing en banc without noted dissent. Pet. App. 140a-141a.

ARGUMENT

Petitioner contends (1) that the federal government is not a "person" that may file a petition for CBM review under Section 18 of the AIA, and (2) that a suit against the United States under 28 U.S.C. 1498(a) is not a suit "for infringement" of a patent within the meaning of

AIA Section 18. The court of appeals correctly rejected those contentions, and its decision does not conflict with any decision of this Court. In any event, this case would be a poor vehicle for resolving the first question presented, and both issues have diminishing practical importance in light of the upcoming expiration of the CBM-review program. Further review is not warranted.

1. The court of appeals correctly held that the United States Postal Service is a "person" within the meaning of Section 18 of the AIA.

a. Petitioner did not dispute before either the Board or the court of appeals that the federal government is a "person" under Section 18. Judge Newman raised the issue *sua sponte* in her dissent, and the court of appeals discussed the issue only in a limited response to Judge Newman's concerns. See Pet. App. 30a n.15. In offering that discussion, the court did not have the benefit of the Board's consideration of the issue, or of any briefing or argument on the question by the parties. This Court's "normal practice * * * is to refrain from addressing issues not raised in the Court of Appeals." *EEOC* v. *Federal Labor Relations Auth.*, 476 U.S. 19, 24 (1986); see *OBB Personenverkehr AG* v. *Sachs*, 136 S. Ct. 390, 398 (2015). Petitioner identifies no reason for the Court to depart from that salutary practice here.

Judge Newman concluded that usual waiver rules were inapplicable here, on the theory that the Postal Service's entitlement to seek CBM review implicates the Board's "subject matter jurisdiction." Pet. App. 45a. Even if that were correct, petitioner's failure to raise this issue in a timely manner would bear on this Court's discretionary decision whether to grant review. In any event, this Court has rejected the proposition

that legal questions underlying agency action should be treated differently whenever they implicate the agency's "jurisdiction." See *City of Arlington* v. *FCC*, 569 U.S. 290, 297 (2013) ("That premise is false, because the distinction between 'jurisdictional' and 'nonjurisdictional' interpretations is a mirage."). And even in federal-court proceedings, the determination whether a particular party "falls within the class of plaintiffs whom Congress has authorized" to bring a claim "does not implicate subject-matter jurisdiction." *Lexmark Int'l, Inc.* v. *Static Control Components, Inc.*, 572 U.S. 118, 128 & n.4 (2014) (citations omitted).

b. The court of appeals correctly held that the Postal Service is a "person" within the meaning of Section 18 of the AIA.

i. Petitioner argues that, "absent strong evidence that Congress intended to 'broade[n]' the term beyond its ordinary meaning," the word "person" is presumed to exclude the government. Pet. 17 (quoting *Vermont Agency of Natural Res.* v. *United States ex rel. Stevens*, 529 U.S. 765, 782 (2000)) (brackets in original). It is true that, "in common usage, the term 'person' does not include the sovereign." *United States* v. *Cooper Corp.*, 312 U.S. 600, 604 (1941). But this Court has repeatedly rejected "mechanical rule[s]" for determining whether Congress has included the sovereign in a particular context. *Pfizer Inc.* v. *Government of India*, 434 U.S. 308, 316 (1978); see *id.* at 315 ("The word 'person,' * * * is not a term of art with a fixed meaning wherever it is used."); *Georgia* v. *Evans*, 316 U.S. 159, 161 (1942) ("[T]here is no hard and fast rule of exclusion.") (citation omitted). Instead, the Court has explained that

"much depends on the context, the subject matter, legislative history, and executive interpretation." *Wilson* v. *Omaha Indian Tribe*, 442 U.S. 653, 667 (1979).

The Court's application of the presumption in *Stevens* turned on the fact that treatment of the States as "person[s]" under the particularly statutory provision at issue there would have "subjected the States to liability to which they had not been subject before." 529 U.S. at 780-781 (citation omitted). Indeed, after finding several "affirmative indications" that the term "person" in the *liability* provision of the False Claims Act (FCA) did not include States, the Court "le[ft] * * * open" the question whether "States can be 'persons' for purposes of *commencing*" an FCA action. *Id.* at 787 & n.18. The question presented here is whether the federal government may petition for CBM review, not whether it can be exposed to liability of any sort. And the Court has since confirmed that the "qualification of a sovereign as a 'person' who may maintain a particular claim for relief depends not 'upon a bare analysis of the word person,' but on the 'legislative environment' in which the word appears." *Inyo County* v. *Paiute-Shoshone Indians of the Bishop Cmty. of the Bishop Colony*, 538 U.S. 701, 711 (2003) (citations omitted).

ii. The statutory context in which Section 18 appears reinforces the conclusion that the federal government is a "person" who may petition for CBM review.

Congress has authorized "[e]ach Federal agency" to "apply for, obtain, and maintain patents," 35 U.S.C. 207(a)(1), and the government has amassed an extensive patent portfolio. The Title 35 provisions that generally govern the issuance of patents repeatedly use the word "person" to refer to potential patentees. Section

102, for example, states that "[a] person shall be entitled to a patent unless * * * the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention." 35 U.S.C. 102(a)(1). Section 118 permits a "person to whom the inventor has assigned" an invention to apply for a patent. 35 U.S.C. 118.

Congress's specific authorization for federal agencies to "apply for, obtain, and maintain patents," 35 U.S.C. 207(a)(1), indicates that the term "person" in Sections 102 and 118 should be construed to encompass the federal government. As part of the AIA, Congress enacted new versions of Sections 102 and 118, in which it retained the term "person." See §§ 3(b)(1), 4(b)(1), 125 Stat. 285-286, 296. "[I]dentical words used in different parts of the same statute are . . . presumed to have the same meaning." *Robers* v. *United States*, 134 S. Ct. 1854, 1857 (2014) (citation omitted). The inclusion of federal agencies within the meaning of "person" in new Sections 102 and 118 reinforces the conclusion that the federal government likewise should be treated as a "person" under AIA Section 18.

Petitioner contends (Pet. 19) that Sections 317(b) and 327(b) of Title 35 distinguish between a "person" and a federal agency by providing that a settlement agreement "shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause." But these identical provisions (which encompass settlements of inter partes and post-grant reviews, respectively) merely set a lower standard for federal agencies to obtain a settle-

ment agreement than otherwise applies to "any person." 35 U.S.C. 317(b), 327(b). That the federal government is unique among "person[s]" for purposes of obtaining a confidential agreement does not demonstrate that the term "any person" *excludes* the federal government.

iii. Authorizing federal agencies to petition for CBM review is consistent with Congress's purpose in enacting AIA Section 18.

Like other forms of post-issuance review, CBM review is intended to provide an efficient and cost-effective means of reviewing suspect patents. See House Report 40 ("The legislation is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs."). Business-method patents were a matter of particular concern. See *id.* at 54 ("A number of patent observers believe the issuance of poor [quality] business-method patents during the late 1990's through the early 2000's led to the patent 'troll' lawsuits that compelled the Committee to launch the patent reform project."). When the owner of such a patent accuses a federal agency of infringement, as petitioner did here, see Pet. App. 159a, Congress's interest in providing an efficient non-judicial mechanism for reconsidering the patent's validity is no less implicated than when the patent is asserted against a private party. The agency's interest in obtaining such review is likewise comparable to that of a private defendant in like circumstances.

To be sure, even if federal agencies were foreclosed from petitioning for CBM review, the Director of the USPTO could institute ex parte reexamination "[o]n his own initiative." Pet. 20 (quoting 35 U.S.C. 303(a)) (brackets in original). That alternative is equally available,

however, when the alleged infringer is a private party. In establishing new review mechanisms under the AIA, Congress sought to facilitate greater participation of third parties in post-issuance USPTO proceedings. House Report 45 (explaining that, in prior reexamination procedures before the USPTO, "third-party challenger[s] had no role once the proceeding was initiated"). That purpose is fully implicated when the would-be third-party petitioner is a federal agency.[1]

Finally, petitioner observes (Pet. 25) that Section 18 estops a CBM-review petitioner from relitigating, in a district court or before the International Trade Commission, any ground of invalidity that the party raised before the Board. See AIA § 18(a)(1)(D), 125 Stat. 330. Section 18 does not preclude relitigation, however, in the only forum where the federal government may be sued for infringement—the Court of Federal Claims, 28 U.S.C. 1498(a). Petitioner contends (Pet. 18, 24-25) that Congress could not have intended such an "odd[]" result.

Petitioner significantly overstates the distinctiveness of such a regime. This Court has long "recognized that equitable estoppel will not lie against the Government as it lies against private litigants." *OPM* v. *Richmond*, 496 U.S. 414, 419 (1990). Indeed, this Court has "reversed every finding of estoppel [against the federal

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[1] Moreover, ex parte reexamination—even when initiated by the USPTO Director—is limited to questions of patentability based on prior art. See 35 U.S.C. 303(a). It does not provide a means for reconsidering whether a patent's claims are drawn to patent-ineligible subject matter, 35 U.S.C. 101, which was the basis for the Board's patentability decision in this case. Pet. App. 96a.

government] that [it] ha[s] reviewed." *Id.* at 422. Section 18's imposition of an estoppel rule on private litigants, but not on the federal government, thus is hardly "unique." Pet. 14 (citation omitted).

c. Even if the first question presented otherwise warranted review, and even if it had been fully aired below, this case would be a poor vehicle in which to resolve it. Although the Postal Service is part of the federal government, 39 U.S.C. 201, it differs in many respects from other federal agencies. "When Congress created the Postal Service in 1970, it empowered the Service 'to sue and be sued in its official name.'" *Loeffler* v. *Frank*, 486 U.S. 549, 555-556 (1988) (quoting 39 U.S.C. 401(1)). This "was a part of Congress' general design that the Postal Service 'be run more like a business than had its predecessor, the Post Office Department.'" *Ibid.* (quoting *Franchise Tax Bd.* v. *USPS*, 467 U.S. 512, 520 (1984)). "By launching 'the Postal Service into the commercial world,'" Congress to a large extent has given the agency "the 'status of a private commercial enterprise.'" *Id.* at 556 (quoting *Library of Congress* v. *Shaw*, 478 U.S. 310, 317 n.5 (1986)).

In determining whether the Postal Service is a "person" under other federal statutes, some lower courts have relied on those attributes in distinguishing the Postal Service from other federal agencies. See, *e.g.*, *Federal Express Corp.* v. *USPS*, 151 F.3d 536, 546 (6th Cir. 1998) (concluding that the Postal Service is a "person" within the meaning of the Lanham Act); *Global Mail Ltd.* v. *USPS*, 142 F.3d 208, 216 (4th Cir. 1998) (same). But see *USPS* v. *Flamingo Indus. (USA) Ltd.*, 540 U.S. 736, 746 (2004) (refusing to distinguish between the Postal Service and other federal agencies for

purposes of Sherman Act liability). This case therefore would be a poor vehicle for determining whether federal agencies in general are "person[s]" within the meaning of AIA Section 18.

2. The court of appeals correctly held that a suit against the federal government under 28 U.S.C. 1498(a) is a suit "for infringement" of a patent within the meaning of AIA Section 18. That holding does not warrant this Court's review.

a. For purposes of CBM review, a suit against the federal government under Section 1498(a) is a suit "for infringement" of a patent.

i. The court of appeals' conclusion is supported by the plain text of the relevant provisions. To seek CBM review of a patent, the petitioner must have been "sued for infringement of the patent" or "charged with infringement under that patent." AIA § 18(a)(1)(B), 125 Stat. 330. When the AIA was enacted, the ordinary meaning of the term "patent infringement" was "[t]he unauthorized making, using, offering to sell, selling, or importing into the United States of any patented invention." *Black's Law Dictionary* 852 (9th ed. 2009); see 35 U.S.C. 271 ("[W]hoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent."); Pet. App. 25a.

Section 1498(a) in turn provides that "[w]henever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same," the owner of the patent may file suit against the United States "for

the recovery of his reasonable and entire compensation for such use and manufacture." 28 U.S.C. 1498(a). In order to recover against the United States under Section 1498(a), the patent owner therefore must show that the federal government engaged in conduct that is defined as "infringement" by Section 271 and as "patent infringement" by *Black's Law Dictionary*. Indeed, petitioner's complaint in the Court of Federal Claims alleged that the Postal Service had engaged in the "unlicensed use and infringement" of the '548 patent. Pet. App. 159a; see *id.* at 165a.

ii. The history of Section 1498(a) further confirms the court of appeals' conclusion. The predecessor to Section 1498(a) was enacted in 1910, in response to decisions of this Court holding that patent infringement was a tort for which the United States had not waived its sovereign immunity. See *Crozier* v. *Fried. Krupp Aktiengesell-Schaft*, 224 U.S. 290, 304 (1912); *Schillinger* v. *United States*, 155 U.S. 163, 169 (1894). A private party could thus recover for the federal government's infringement of a patent only if the private party was in either an express or implied contractual relationship with the United States. *Schillinger*, 155 U.S. at 167. "Evidently inspired by the injustice of this rule * * * because of the frequent possibility of [patent] infringement by the acts of [government] officers under circumstances which would not justify the implication of a contract," *Crozier*, 224 U.S. at 304, Congress enacted the predecessor to Section 1498(a) to provide a remedy for a patent owner who alleged "that rights secured to him by a patent had been invaded for the benefit of the United States by one of its officers, that is, that such officer * * * had infringed a patent," *id.* at 303.

For nearly a century before the AIA's enactment, this Court repeatedly characterized suits under Section 1498(a) or its predecessor as suits for patent infringement against the United States. See, *e.g.*, *General Motors Corp.* v. *Devex Corp.*, 461 U.S. 648, 656 (1983) (describing prior action brought against the United States under Section 1498(a) as "a patent infringement suit against the United States"); *United States* v. *Adams*, 383 U.S. 39, 40-41 (1966) (stating that the plaintiff in a suit under Section 1498(a) had alleged "infringement," and that the Trial Commissioner had held that the patent was "infringed"); *E.W. Bliss Co.* v. *United States*, 253 U.S. 187, 191 (1920) (describing Section 1498(a)'s predecessor as providing the "[a]uthority to maintain a suit for infringement against the United States"); *William Cramp & Sons Ship & Engine Bldg. Co.* v. *International Curtis Marine Turbine Co.*, 246 U.S. 28, 39 (1918) (describing Section 1498(a)'s predecessor as requiring an "inquiry into the question of infringement by the United States"); *Farnham* v. *United States*, 240 U.S. 537, 540 (1916) (describing Section 1498(a)'s predecessor as "permitting the recovery from the Government of reasonable compensation in cases of infringement").[2] There is no reason to believe that Con-

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[2] The Federal Circuit has also long referred to suits under Section 1498(a) as suits for "infringement" of a patent. See, *e.g.*, *Zoltek Corp.* v. *United States*, 672 F.3d 1309, 1326-1327 (2012) ("28 U.S.C. § 1498(a) creates an independent cause of action for direct infringement by the Government or its contractors that is not dependent on 35 U.S.C. § 271(a)."); *Advanced Software Design Corp.* v. *Federal Reserve Bank of St. Louis*, 583 F.3d 1371, 1375 (2009) (explaining

gress intended to depart from this settled understanding when it required that a CBM petitioner have been "sued for infringement." AIA § 18(a)(1)(B), 125 Stat. 330. See *Air Wisconsin Airlines Corp.* v. *Hoeper*, 571 U.S. 237, 248 (2014) ("[I]t is a cardinal rule of statutory construction that, when Congress employs a term of art, it presumably knows and adopts the cluster of ideas that were attached to each borrowed word in the body of learning from which it is taken.") (citation omitted; brackets in original).

iii. This interpretation of Section 18 is also consistent with its purpose. Congress created CBM review as a special, transitional program to provide a "faster, less costly alternative[] to civil litigation" to resolve disputes about the validity of business-method patents. 157 Cong. Rec. at 2710 (statement of Sen. Grassley); see pp. 3-4, 12, *supra*. When a patent owner invokes Section 1498(a) to accuse the federal government of the unauthorized use or manufacture of an invention covered by a CBM patent, the federal government has the same interest as a private party sued for infringement under 35 U.S.C. 281 in petitioning the USPTO to reexamine the validity of that patent. "There does not appear to be

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that Section 1498(a) "provides for 'reasonable and entire compensation' for infringing use") (citation omitted); see also *Decca Ltd.* v. *United States*, 640 F.2d 1156, 1167 (Ct. Cl. 1980) (explaining that Section 1498(a) is "a waiver of sovereign immunity only with respect to a direct governmental infringement of a patent") (footnote omitted); *Brothers* v. *United States*, 52 Ct. Cl. 462, 466 (1917) (explaining that, after [Section 1498(a)'s predecessor], the Court of Federal Claims had "jurisdiction of claims for infringement of a patent by the United States").

any reason, and [petitioner] has provided none, to curtail the ability of the government to initiate a [CBM-review] proceeding when, like a party sued in federal district court * * * it has interests at stake with respect to the patent it has been accused of infringing." Pet. App. 33a; see *id.* at 117a (noting that Section 18 "does not limit covered business method patent reviews to persons sued for infringement under 35 U.S.C. §§ 271 and 281").

iv. Petitioner contends (Pet. 21-22) that a suit under Section 1498(a) cannot be a suit "for infringement" of a patent because a suit under Section 1498(a) sounds in eminent domain, rather than in tort. But the determination whether a patent holder can obtain "reasonable compensation" from the United States under Section 1498(a), like the determination whether a plaintiff can obtain damages from a private defendant under 35 U.S.C. 281, turns at least in part on whether the defendant engaged in the unauthorized use or manufacture of the patented invention—*i.e.*, whether the defendant infringed the patent. Both types of suits are therefore accurately described as suits "for infringement of the patent." AIA § 18(a)(1)(B), 125 Stat. 330.

To be sure, Section 1498(a) "adopts the infringement as the act of the United States and makes it a rightful exercise of the power of eminent domain." *Leesona Corp.* v. *United States*, 599 F.2d 958, 967 (Ct. Cl.), cert. denied, 444 U.S. 991 (1979). But while Section 1498(a) limits the available relief to what is in effect a compulsory license, it does not alter the plaintiff's burden to prove infringement as a prerequisite to recovery. See *William Cramp & Sons*, 246 U.S. at 44-45; *id.* at 39 (rejecting suggestion that Section 1498(a)'s predecessor

granted such a license in advance, because that approach would render "the inquiry into the question of infringement by the United States for which the statute provides * * * wholly superfluous"). Rather, it is the act of infringement that effects the taking of private property for which reasonable compensation is due. See *Crozier*, 224 U.S. at 304 (explaining that Section 1498's predecessor afforded a remedy when "an officer of the Government had infringed a patent right belonging to another—in other words, had taken his property for the benefit of the Government").[3]

b. In any event, the determination whether a suit under Section 1498(a) is a suit "for infringement" within the meaning of AIA Section 18 relates only to a temporary, transitional program that is set to expire in September 2020. See § 18(a)(3)(A), 125 Stat. 330; 77 Fed. Reg. at 48,680, 48,734. Of the three types of administrative proceedings created by the AIA, only CBM review requires that a petitioner be "sued for infringement." § 18(a)(1)(B), 125 Stat. 330. By contrast, any person "who is not the owner of a patent" may petition for inter partes review or for post-grant review. 35 U.S.C. 311(a), 321(a). The diminishing practical importance of the second question presented provides a further reason for this Court to deny review.

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[3] Petitioner also argues (Pet. 22-23) that the decision below is inconsistent with Federal Circuit precedent. The court of appeals, however, correctly explained why its decision in this case was consistent with its own prior decisions. See Pet. App. 20a-21a, 26a n.14; see also p. 17 n.2, *supra*. In any event, this Court does not grant review to resolve intra-circuit conflicts. See *Wisniewski* v. *United States*, 353 U.S. 901, 902 (1957) (per curiam).

CONCLUSION

The petition for writ of certiorari should be denied.

Respectfully submitted.

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SEPTEMBER 2018